

112 FERC ¶ 61,030
FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

July 5, 2005

In Reply Refer To:
Transcontinental Gas Pipe Line Corporation
Docket No. RP96-359-024

Transcontinental Gas Pipe Line Corporation
P.O. Box 1396
Houston, TX 77251

Attention: Marg Camardello
Manager, Tariffs and Certificates

Reference: Negotiated Rate Agreement Amendment

Dear Ms. Camardello:

1. On June 6, 2005, Transcontinental Gas Pipe Line Corporation (Transco) filed an amendment to a negotiated rate service agreement under Rate Schedule FT (contract no. 1042064) between Transco and Carolina Power & Light Company (Carolina). The amendment revises Exhibit B which sets forth, among other things, the points of delivery and applicable delivery pressures under the Service Agreement. Transco's negotiated rate amendment is accepted effective June 7, 2005, subject to the conditions set forth below. This order benefits customers because it ensures that Transco's tariff provisions are applied on a non-discriminatory basis.

Summary of Filing

2. Transco's filing proposes to amend an existing negotiated rate service agreement with Carolina filed on March 2, 2002 in Docket No. RP96-359-008. Exhibit B of the existing negotiated rate agreement reflects delivery points at Transco's Compressor Station 160 in Rockingham County, NC and Compressor Station 165 in Pittsylvania County, VA, with maximum daily quantities (MDQ) of 70,000 dt/d and 5,000 dt/d, respectively. The existing negotiated rate agreement did not specify delivery pressures at either delivery point.

3. The proposed revised Exhibit B reflects three modifications. First, a new delivery point was added at Transco's Iredell Meter Station (Iredell Meter) located at milepost 1287.1 on Transco's main transmission line in Iredell County, NC. The MDQ at this point is 75,000 dt/d. The proposed revised Exhibit B also includes the addition of the following two new footnotes.¹

- 2 Deliveries to or for the account of Buyer shall be at an hourly rate of up to six percent (6%) of the applicable Maximum Daily Quantity.
- 3 Deliveries at Station 165 and 160 will be at Seller's line pressure at such points of delivery. Deliveries at Iredell will be at the pressure required to meet Buyer's capacity needs under the service agreement, but in no event shall Seller be obligated to make such deliveries at pressures greater than 780 psig nor less than 675 psig.

Notice and Request for Clarification

4. Public notice of the filing was issued on June 10, 2005. Interventions and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210 (2004)). Pursuant to Rule 214 (18 C.F.R. § 385.214 (2004)), all timely filed motions to intervene and any motions to intervene out-of-time filed before the issuance date of this order are granted. Granting late intervention at this stage of the proceeding will not disrupt the proceeding or place additional burdens on existing parties. Piedmont Natural Gas Company, Inc. filed a request for clarification in this proceeding, which is discussed below.

5. Piedmont states that it seeks clarification on the meaning of footnotes 2 and 3 of Exhibit B as it relates to the addition of the Iredell Meter as a delivery point to the Carolina Service Agreement. Piedmont states that the Iredell Meter is currently an interconnection point of receipt and deliveries between Piedmont and Transco and therefore any specific contractual rights granted to other shippers delivering gas to the Iredell Meter could affect the service that Piedmont provides on the distribution side of the meter.

6. Piedmont states that footnote 2 allows for deliveries at an hourly rate of up to 6% of the applicable Maximum Daily Quantity, which is a contractual right not included in Transco's standard form of service agreement under Rate Schedule FT. Piedmont states that Carolina and others delivering quantities for or on behalf of Carolina would be

¹ Footnote 2 will apply to both the existing delivery points and the new delivery point at the Iredell Meter.

accorded a greater level of delivery flexibility than Piedmont or other similarly situated shippers. Piedmont states that it does not object to the proposed provision provided it is also accorded the same delivery flexibility.

7. Piedmont states that footnote 3 addresses delivery pressure to the shipper in very ambiguous terms. Piedmont seeks clarification addressing the amount of delivered quantities that are guaranteed by footnote 3 to the Buyer and seeks assurances that the rights of Piedmont at the Iredell Meter are not diminished or affected in any manner. Piedmont states that since it delivers gas to the Iredell point for its system sales customers, and because other parties also make deliveries to this point, it would be impossible for Transco to determine which dekatherms are moving through the point, and for what part of the gas day the pressure guarantee applies. Piedmont argues, as a matter of practicality and fairness, that all quantities of gas delivered at the Iredell delivery point receive the same quality of service if the Commission approves the new delivery point for Carolina as part of Transco's filing, and that Transco amend its applicable service agreements and its tariff accordingly.

Discussion

8. The Commission will accept Transco's revised Exhibit B to the negotiated rate agreement to be effective June 7, 2005, subject to the conditions stated in this order. Section 4.2 (Receipts and Deliveries) of Transco's Rate Schedule FT states that "[B]uyer shall deliver, or caused to be delivered to Seller the scheduled daily quantities hereunder as nearly as possible at uniform hourly rates."² Transco in its filing is providing for deliveries to Carolina at an hourly rate of up to 6% of the applicable Maximum Daily Quantity. This is contrary to the uniform hourly delivery rate provided by Transco's tariff and constitutes a material deviation to Transco's pro forma service agreement and causes the agreement to be non-conforming and potentially unduly discriminatory against other shippers. Transco is required, within 30 days of this order, to either file a revised Exhibit B to remove footnote 2 from its service agreement with Carolina or revise its tariff to make this provision generally available to similarly situated Rate Schedule FT shippers.

² See, Fourth Revised Sheet No. 158 to FERC Gas Tariff, Third Revised Volume No. 1.

9. Transco's Form of Service Agreement allows the Seller and Buyer to specify the points of delivery and delivery pressure.³ This allows Transco to vary pressure at delivery points on its system. Proposed Footnote 3 in Exhibit B providing for deliveries made to Carolina at the Iredell delivery point at a pressure rate of not greater than 780 psig and not less than 675 psig is permissible under Transco's tariff. While the pressure at delivery points can vary between different points, Transco, however, can not operationally distinguish delivery pressure guarantees at a delivery point that serves multiple shippers. Therefore, Transco is required to offer shippers, and, modify the service agreements where appropriate, the same delivery pressures offered to Carolina at the Iredell delivery point.

By direction of the Commission.

Magalie R. Salas
Secretary

³ Article III, Points(s) of Delivery of Transco's pro forma service agreement provides that Seller shall redeliver to Buyer or for the account of Buyer the gas transported hereunder at the following point(s) of delivery and at a pressure(s) reflected in Exhibit B. *See*, Fourth Revised Sheet No. 436 to FERC Gas Tariff, Third Revised Volume No. 1.